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## **Liberals push Kara Stein to lead SEC as Warren lends tacit backing**

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When Sen. Elizabeth Warren last month demanded that President Barack Obama immediately replace SEC Chair Mary Jo White, she said the president could easily fill the position without Senate confirmation.

That was a tacit endorsement of Kara Stein, the agency's lone Democratic commissioner, who could move into the top job without Senate involvement.

For Warren, it was probably the strongest hint yet at who she would like to see in government if Hillary Clinton is elected president. While the Massachusetts progressive has been clear about who she doesn't want to see in a Clinton administration — almost anyone connected with Wall Street — she has been less open in public about who she wants.

In contrast to White, Stein has become a champion of progressives. Warren may not have spelled out her preference for the next SEC chair, but liberal groups allied with her are advocating for Stein. Her name has been on at least two of the lists they have drawn up of Wall Street watchdogs they would want Clinton to nominate, according to two people familiar with the matter. One of the people said liberals have recommended Stein to Clinton transition team officials Ed Meier and Ann O'Leary.

Other names that have been circulated by progressives for top jobs: Labor Secretary Tom Perez; former CFTC Commissioner Gary Gensler; Deputy Treasury Secretary Sarah Bloom Raskin, and Heather Boushey, the chief economist on the Clinton transition team.

Stein, who has sometimes clashed with White in pushing for tougher penalties on misbehaving companies and for greater investor protection, is being promoted by liberals who have voiced disappointment in the current SEC chair.

“Kara Stein is viewed by many progressives as the lone beacon of hope at a SEC that has repeatedly fallen far short of their expectations,” said Isaac Boltansky, director of policy research for Compass Point Research & Trading in Washington.

For the last three years, Warren and investor advocates have accused White of being too deferential toward businesses. Last year, the liberal advocacy group Credo Action hired a truck to drive around Washington with a billboard saying that White “works for banks, not for you.”

In her Oct. 14 letter to Obama, Warren blasted White for not compelling corporations to disclose their political spending, saying the SEC chair, a former federal prosecutor, was failing “to direct the agency's resources toward pressing matters of compelling interest to investors and the public.”

In a sign that she might be campaigning for a new job, Stein in August expanded and updated her biography page on the agency's website. Neither of the agency's other two commissioners have changed their official profiles since they started at the SEC in 2013.

An aide for Stein declined to comment.

Stein, 52, drafted parts of the 2010 Dodd-Frank Act while working for Sen. Jack Reed (D-R.I.) on the Senate Banking Committee. She was appointed to the SEC by Obama in 2013, the same year Warren joined the Senate.

Given her record at the agency, an SEC led by Stein would be a nightmare for corporations.

Stein pressed for a stronger “Volcker rule,” the section of Dodd-Frank that banned banks from proprietary trading. She also hammered her fellow commissioners for voting to give financial firms permission to continue doing certain business operations after the companies agreed to misconduct settlements with the agency.

Clinton, in her 2015 Wall Street regulatory plan, promised to strengthen the Volcker rule and criticized the SEC for generously issuing corporate waivers.

“A Stein-led SEC would likely take a more skeptical view of the markets as a whole, and that would seek to shelter investors since she often comes across as viewing markets as inherently dangerous places,” said Thaya Brook Knight, associate director of financial regulation studies at the Cato Institute, a libertarian think tank.

“We might see an across-the-board shift toward a fearful view of market forces that would contrast with White's approach which, overall, has been more moderate and more restrained,” she said.